

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320



October 2, 1989
Letter No.: 89-87

TO: All County Welfare Directors
All County Administrative Officers

SUBJECT: HUNT vs KIZER IMPLEMENTATION

BACKGROUND:

As a result of a recent Preliminary Injunction issued by the U. S. District Court in the case of Hunt vs. Kizer, any Medi-Cal applicant or beneficiary (including those in long term care) having old medical expenses incurred and unpaid prior to the date he/she became eligible for Medi-Cal must be allowed to use these medical expenses to reduce his/her share-of-cost. This decision applies to any person determined eligible for Medi-Cal with a share-of-cost, except those Medi-Cal applicants and beneficiaries being aided under state only programs (Aid codes 53 and 81).

The Preliminary Injunction issued by the U.S. District Court requires the Department of Health Services (DHS) to "eliminate the month-of-application time limit on medical expenses incurred that may be used as income deductions in the medically needy Medi-Cal share-of-cost program." Medical expenses incurred has been interpreted by the U. S. Department of Health and Human Services to mean "only those unpaid medical expenses for which the applicant is still liable, incurred at anytime prior to the date of application for Medi-Cal." As part of the injunction, DHS was required to notify share-of-cost recipients of this change. Attachment 1 is the recipient notice that was sent on October 1, 1989 to all Medi-Cal beneficiaries who were eligible with a share-of-cost on September 1, 1989.

COUNTY PROCEDURES

To comply with this court order, which became effective September 1, 1989 counties must use old unpaid medical expenses to reduce the current or the future month(s) share-of-cost. This means that anyone having unpaid medical expenses for which they are still legally liable, with dates of service prior to his/her effective date of eligibility for Medi-Cal must have these bills used toward reducing the share-of-cost in current and if necessary future month(s). A person is considered to be legally liable for the debt if the debt is less than four years old, there is a judgment, or a contract extending the statute of limitations or other reasonable verification showing the person is still responsible for the debt.

Intake:

At intake the applicant must be informed of his/her right to use old medical expenses incurred prior to the date of eligibility. These expenses will be used to reduce the current and, if necessary, future month(s) share-of-cost. A copy of "Important Notice - Hunt v Kizer Lawsuit" is included as Attachment 2. This notice must be provided to all persons who have applied for Medi-Cal and been approved since September 1, 1989 and to all future applicants.

Continuing:

Persons currently on Medi-Cal with a share-of-cost may request consideration of their old medical expenses that were unpaid, prior to the date of eligibility. These expenses will be used to reduce the current and, if necessary, future month(s) share-of-cost.

Required Documentation:

Medi-Cal eligibility workers must review the billing statements for old medical expenses from the medical providers to ensure that the required information is provided. If any of the items listed below are missing, the Medi-Cal applicant must contact the provider to obtain the information. Bills with any of the required items missing are not acceptable.

Bills being used to reduce an applicant's or beneficiary's share-of-cost must have:

1. a current billing date;
2. the provider's name and address;
3. the name of the person receiving the service;
4. the type of service;
5. date of service;
6. the amount owed in the month for which eligibility is established;
7. the provider federal tax identification number or provider license number or Medi-Cal provider identification number.

Adjusting the Share-of-Cost:

When all of the necessary information is provided, the county workers shall complete an MC176 M noting in the Underpayment Adjustment Box (Column III, line 15) "OME" (Old Medical Expenses) and the amount of the adjustment. Make a copy of the bill for the applicant and retain the original in the case file. Original bills are not to be returned to the applicant.

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Cases must be flagged (either manually or on MEDS [REDETERM-MONTH]) so the counties will be alerted when it is necessary to readjust the reduced share-of-cost. The share-of-cost must be recomputed prior to the 20th of the last month in which the old medical expenses have been used to reduce the share-of-cost. A ten day Notice of Action advising the beneficiary of the return to his/her previous share-of-cost must be sent in the month prior to the change.

If original bills with dates of service prior to the first month of Medi-Cal eligibility are presented at any time, counties must adjust the beneficiary's current and, if necessary, future month(s) share-of-cost.

Medical expenses may be used for anyone who would have been a member of the MFBU on the date the medical expenses were incurred.

Denied Medical Bills:

When reviewing the medical bills to determine if the required information is included, note on each original bill either "accepted - Hunt vs. Kizer" or "Denied - reason code (numbers 1-8) Hunt vs. Kizer."

Denial Codes:

1. Billing date not current.
2. Provider's name or address missing or illegible.
3. Name of the person receiving the service is missing or illegible.
4. Type of service not provided.
5. Date of service not provided.
6. Amount owed not provided.
7. Missing or illegible provider's federal tax ID #, license # or Medi-Cal ID #. (only one needed)
8. Failure to provide original bill.

If the original bill appears to have been altered, the applicant must obtain from the provider an unaltered bill. An original bill means one prepared by the provider of services.

Tracking

Counties must maintain a record of the number of new beneficiaries after using old medical expenses to reduce their share-of-cost; the number of continuing beneficiaries who have reduced a future month(s) share-of-cost using old medical expenses; the total amount of the old medical expenses being used; and the amount the share of cost is reduced. Counties may develop their own method of keeping this information. A "Monthly Reporting Form" will be developed to forward your monthly statistics to the DHS, Medi-Cal Eligibility Branch. This form will be provided and shipped to you in

the near future.
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EXAMPLES

Example 1 - Share-of-cost Applicant with Old Medical Expenses

Mr. A applies on September 5, 1989, and is determined eligible with a \$300 share-of-cost. He has \$1500 in unpaid medical expenses with dates of service between June 1987 and August 31, 1989. These unpaid bills are to be divided and used to meet his share-of-cost for September, October, November, December 1989, and January 1990. Also in January, the county must complete a new MC176 M adjusting his share-of-cost to \$300 effective February 1990.

If retroactive Medi-Cal is requested on the MC210, the old medical expenses must have been incurred more than 90 days prior to the date of application.

Example 2 - Utilizing Old Medical Expenses

Mrs. B applies for Medi-Cal on September 23, 1989 and is determined eligible with a \$70 SOC. She asks for retroactive coverage for June, July, and August 1989. She has unpaid medical bills in the amount of \$35 for services provided in April 1989, one for \$18 in May 1989 and a \$350 bill for June 1989.

The bills for April and May total \$53 thus reducing the June share-of-cost to \$17. For June 1989 Mrs. B must list the \$350 on an MC177 to show her obligation for \$17, which meets her June share-of-cost. The Medi-Cal card will be issued following the usual procedure for June, and the provider can then bill Medi-Cal for the unpaid portion of Mrs. B's June bill.

Example 3 - Applicant Fails to Provide Timely Required Documentation

Mr. C applies for Medi-Cal on October 1, 1989, he informs the eligibility worker that he has unpaid medical expenses for June and July 1989 but does not obtain a medical bill containing all of the necessary information. He is approved for Medi-Cal with a \$100 share-of-cost. In December 1989, he brings in the required documentation. His share-of-cost is reduced beginning January 1990 until all of his unpaid medical expenses are used.

Example 4 - Old Medical Expenses for Persons No Longer in the MFBU

Mrs. D is applying for Medi-Cal today. She has unpaid bills for her husband who died in May 1989. Her husband would have been a member of the MFBU had they applied prior to Mr. D's death. Since medical expenses may be used for anyone who would have been a member of the MFBU on the date the medical expenses were incurred, Mr. D's unpaid bills may be used to reduce Mrs. D's future month(s) share-of-cost.

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Example 5 - Continuing Medi-Cal Eligible with Old Medical Expenses

Ms. E has been on Medi-Cal with a share of cost since July 1988. In March 1988 she incurred \$1200 in medical expenses which were unpaid on the date she became eligible for Medi-Cal. Ms. E has since been paying on these bills and she currently owes \$500. On October 3, 1989 she provides documentation of these bills and the amount still owed on the date she became eligible. The full \$1200 in expenses can be used to reduce her share of cost beginning with her November 1989 month of eligibility.

Questions concerning all aspects of this lawsuit should be directed to Kristi Allen at (916) 445-6855 (policy questions) or Frances Schurer at (916) 322-3463 (MEDS questions). Thank you for your continued cooperation.

Sincerely,

Original signed by

Frank Martucci, Chief
Medi-Cal Eligibility Branch

Attachements

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: OCTOBER 2, 1990

STATE OF CALIFORNIA - HEALTH AND WELFARE AGENCY
DEPARTMENT OF HEALTH SERVICES
MEDICAL ASSISTANCE

As a result of a recent U.S. District Court decision, you may now be able to use your old medical bills to meet your share-of-cost for Medi-Cal.

An old medical bill is defined as:

1. A bill for services received less than four years before the date that you applied for Medi-Cal.
2. A bill that you are still legally responsible to pay; AND
3. The bill was unpaid at the time you applied for Medi-Cal; AND
4. The bill has never been used to meet your share-of-cost.

In order to have your old medical bills considered the bill must meet the following requirements:

1. The bill must have been prepared less than 60 days before you applied for Medi-Cal.
2. The bill must show the amount due at the time you applied for Medi-cal.
3. The bill must show who provided the service and one of the following:
 - a. Provider Medi-Cal identification number OR
 - b. Provider license number OR
 - c. Provider federal tax identification number
4. The bill must show the type of service received.
5. The bill must show who received the services.

If you have medical bills that meet these requirements and you receive Medi-Cal with a share-of-cost, please take this notice and your medical bills to your county welfare department.

IMPORTANT NOTICE - HUNT V KIZER LAWSUIT

As a result of the recent U.S. District Court decision in the case of Hunt v Kizer, you may now be able to use your old medical bills to meet your current share-of-cost for Medi-Cal. An old medical bill is defined as:

1. A bill for services received less than four years before the date that you applied for Medi-Cal.
2. A bill that you are still legally responsible to pay; and
3. The bill was unpaid at the time you applied for Medi-Cal; and
4. The bill has never been used to meet your share-of-cost.

In order to have your old medical bills considered the bill must meet the following requirements:

1. The bill must be current.
2. The bill must show the amount owed in the month for which Medi-Cal eligibility is established.
3. The bill must show who provided the service and one of the following:
 - a. Provider Medi-Cal identification number or
 - b. Provider license number or
 - c. Provider federal tax identification number.
4. The bill must show the type of service received.
5. The bill must show who received the services.

If you have medical bills that meet these requirements and you receive Medi-Cal with a share-of-cost, please notify your county worker immediately.